

The information in this brochure applies to members of the California State Teachers' Retirement System Defined Benefit Program.

What is Service Credit? Service credit is the accumulated period of time expressed in years or partial years during which you received creditable compensation for service as a CalSTRS member. It is one of the factors used to calculate your monthly retirement allowance.

You may be eligible to purchase service credit for activities described in this brochure.

Why Should I Purchase Additional Service Credit? Your monthly service retirement allowance is based on a formula of multiplying your years of service credit, age factor and final compensation.

Increasing your years of service credit would raise your monthly allowance.

For members retiring on or after January 1, 1999, with 30 or more years of service credit, a career bonus of 0.2 percent (two tenths of one percent) will be added to the age factor. The 30 years of service credit to qualify for the career bonus can include credit purchased for activities described in this brochure.

What is the Cost of Purchasing Additional Service Credit? You will want to compare the cost of purchasing service credit with the expected benefit before you decide to make the purchase. To calculate the cost, multiply your highest earnable salary in the last three years by the amount of additional service credit you wish to purchase. (You may purchase all or a portion of the service credit for which you are eligible.) Then multiply the result by the contribution rate for additional service credit. (From July 1, 1999, to June 30, 2000, the contribution rate is 15.758 percent.)

Based on the following formula, if your highest annual earnable salary is \$40,000, it would cost you \$6,303.20 to purchase one additional year of service credit.

Highest Earnable Salary	X	Service Credit	X	Contribution Rate	=	Your Cost
\$40,000	X	1 Year	X	0.15758	=	\$6,303.20

How Does This Affect My Monthly Allowance? Based on the example, if you retire at age 60 with less than 30 years of service credit and an average annual salary over a three-year period of \$40,000, your monthly service retirement allowance would increase by \$66.66.

Service Credit	X	Age Factor	X	Compensation*	=	Allowance Increase
1 year	X	.02	X	\$3,333	=	\$66.66

*Final compensation is the average of your highest 36 consecutive months of earnable salary.

How Do I Calculate the Recovery Time of the Additional Service Credit Cost? Divide the cost of purchasing your additional service credit by the increase in your monthly allowance. Next, divide this result by 12 months. This gives you the number of years it will take to recover the cost of your purchase. In the example, it will take 7.9 years to recover the cost.

Cost	÷	Allowance Increase	=	# of Months ÷ 12	=	# of Years
\$6,303.20 ÷		\$66.66	=	94.56 ÷ 12	=	7.9

How Do I Pay for Additional Service Credit? You can pay in one of three ways:
•lump-sum payment within 35 days of the billing invoice date.
•up to 120 monthly

installments (of not less than \$25 each) made by direct mail or payroll deduction. Interest will be charged each month on the unpaid balance. Payments made through payroll deduction may be tax-deferred. Once a tax-deferred deduction has begun, CalSTRS cannot accept payment from any other source, including rollovers.
•rollover from a 401(a), 401(k) or qualified conduit IRA. 403(b) funds do not qualify for rollover into CalSTRS.

Note: Please contact CalSTRS before initiating a rollover to avoid unintended tax consequences.

Must I Pay For the Purchase of Additional Service Credit Before I Retire? Yes. Payment must be completed prior to the effective date of your retirement or within 35 days of the date of the billing invoice, whichever is later.

Your additional service credit will be included in the calculation of your monthly allowance only after full payment is received by CalSTRS.

If you believe you may qualify for the purchase of additional service credit and would like a calculation of the cost, please call CalSTRS and request form MS0287, *Purchase of Additional Service Credit*. Complete the form and mail it to CalSTRS. CalSTRS will contact you if additional verification is required.

For What Activities Can I Purchase Service Credit? **Non-member Service—** Part-time or substitute service in the California public school system before becoming a CalSTRS member.

***Family Care and Medical Leave—** Up to four months, in any 12-month period, for time spent on an employer-approved Family Care and Medical Leave. This must have taken place after January 1, 1992.



***Maternity and Paternity Leave–** An employer-approved maternity or paternity leave for two years or less.

Active U.S. Military Service–
Before December 12, 1994– must have been a CalSTRS member within one year prior to entering the military.
After December 12, 1994– must have been a CalSTRS member prior to entering the military.

Workers’ Compensation– May be eligible for additional service credit, as a result of a job-related injury, for which you received Workers’ Compensation payments (not endorsed by your employer or reported to CalSTRS) after January 1980.

University and State College– Service performed as a teacher in a publicly supported and administered California university or college.

***Child Care Center–** Service performed in a certificated teaching position in a child care center operated by a county superintendent of schools or by a California school district.

School for the Blind or Deaf– Service performed as a teacher in the California School for the Deaf or the California School for the Blind, or in special classes maintained by California public schools for persons who are hearing impaired or sight impaired.

Job Corps Service– Time served, not to exceed two years, in a certificated position

in a federally administered Job Corps Center. Must have been a CalSTRS member within one year prior to entering the Job Corps in California and must have returned to a position requiring CalSTRS membership within six months.

***Fulbright Leave–** Employer-approved leave for participation in any program under the Federal Mutual Educational and Cultural Exchange Program.

Indian School Service– Service performed in a certificated position in a federally supported and administered Indian school in California.

***Sabbatical Leave–** Employer-approved leave for a sabbatical taken after July 1, 1956.

Full-Time Paid Red Cross Service– Must have been a CalSTRS member within one year prior to entering certain Red Cross service and must have performed Red Cross service prior to September 1, 1957.

Out-of-State Service or Nonqualified Service– It is possible to purchase out-of-state or nonqualified (“air time”) service credit. The cost to purchase these two kinds of service credit is calculated differently from activities listed above. For more information, request the brochure *Out-of-State and Nonqualified Service Credit Purchase*, PAO 0210.

***Employer Share–** *Your employer may elect to pay the employer share for these services. Check with your employer before contacting CalSTRS.*

What About Other Retirement Systems?
By purchasing service credit you currently have, or are eligible for, in another public retirement system, you would forfeit any rights to, or benefits from, the former retirement system that the service credit purchased would have provided. Other provisions would apply to members who retire concurrently from CalSTRS and certain other California public retirement systems, such as the Public Employees’ Retirement System or county retirement systems.

How Can I Obtain More Information
Call Public Service at:
800-228-5453
916-229-3870
916-229-3541 for TDD
Select Teletalk messages #251, #252 or #253
Browse CalSTRS at: www.calstrs.ca.gov
Write CalSTRS at:
California State Teachers’ Retirement System
P.O. Box 15275
Sacramento CA 95851-0275
(When contacting CalSTRS, please include your Social Security number)



The summarized information given here pertains to Teachers’ Retirement Law and is meant only as a guide. If any conflict arises between the information here and the law, the law takes precedence.

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PURCHASING ADDITIONAL SERVICE CREDIT



CALIFORNIA STATE TEACHERS’ RETIREMENT SYSTEM

